

DRI Healthcare Trust Reports First Quarter 2024 Results

- Highest quarterly Adjusted EBITDA since IPO underscores continued execution of growth strategy –
- Omidria expansion transaction highlights strong execution capabilities –
- Simplifying capital structure with preferred securities refinancing optimizes cost of capital –

Toronto, Ontario – May 6, 2024 – DRI Healthcare Trust (TSX: DHT.UN) (TSX:DHT.U) (the “Trust”) today announced its financial results for the quarter ended March 31, 2024. The Trust’s first quarter 2024 financial statements and Management’s Discussion & Analysis (“MD&A”) have been filed on SEDAR+ (www.sedarplus.ca).

“The Trust started the year with a successful quarter as the growth assets we added to the portfolio over the last 18 months began to generate significant returns,” said Behzad Khosrowshahi, the Trust’s Chief Executive Officer. “Our second transaction with Omeros on Omidria shows how we take a partnership rather than purely transactional approach and are a preferred partner for repeat deals. This transaction helps continue building the foundation for further portfolio growth by increasing our exposure to an immediately cash flowing asset. Our recent preferred securities refinancing increased clarity in our capital structure and solved a substantial dilution overhang. We believe we are set for continued success with an improved cost of capital and a robust pipeline ahead of us.”

First Quarter Highlights

- Deployed US\$115 million in the expansion of royalty entitlement on US net sales of Omidria;
- Total Income of US\$42.1 million;
- Normalized Total Cash Receipts of US\$63.5 million¹;
- Adjusted EBITDA of US\$55.1 million¹;
- Comprehensive Loss of US\$5.0 million;
- Adjusted Cash Earnings per Unit of US\$0.47 (basic and diluted)^{1,2};
- Net Loss per Unit of US\$0.11 (basic and diluted)²;
- Paid a quarterly cash distribution of US\$0.085 per unit on April 19, 2024.

Subsequent to Quarter End

- Declared a quarterly cash distribution of US\$0.085 per unit for the second quarter of 2024, payable on July 19, 2024 to unitholders of record on June 30, 2024.
- Completed preferred securities and warrants refinancing on April 23, 2024.

¹ Normalized Total Cash Receipts and Adjusted EBITDA are non-GAAP financial measures. Adjusted Cash Earnings per Unit is a non-GAAP ratio. These measures are not standardized measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. The reconciliation of these measures can be found later in this press release and in the Trust’s MD&A.

² The weighted average number of units for the purposes of calculating Earnings per Unit for the three months ended March 31, 2024 were 56,358,240 for both basic and diluted.

Financial Highlights

<i>(thousands of US dollars, except per unit amounts)</i>	Three months ended	
	March 31, 2024	March 31, 2023
Total income	42,067	28,236
Management fees	4,164	1,676
Performance fees	231	—
Amortization of royalty assets	25,089	19,168
Impairment of royalty assets	4,451	—
Other expenses	14,329	8,515
Net earnings (loss)	(6,197)	(1,123)
Net unrealized gain (loss) on derivative instruments	1,197	—
Comprehensive earnings (loss)	(5,000)	(1,123)
Net earnings (loss) per unit – basic	(0.11)	(0.03)
Net earnings (loss) per unit – diluted	(0.11)	(0.03)
Normalized Total Cash Receipts ³	63,517	24,991
Adjusted EBITDA ¹	55,110	21,434
Adjusted EBITDA Margin ¹	87 %	86 %
Adjusted Cash Earnings per Unit – Basic ¹	0.47	0.49
Adjusted Cash Earnings per Unit – Diluted ¹	0.47	0.49
Weighted average number of Units – Basic	56,358,240	37,753,194
Weighted average number of Units – Diluted	56,358,240	37,821,801

Asset Performance

As at March 31, 2024, the Trust's portfolio included 25 royalty streams on 19 products that address a variety of therapeutic areas, such as oncology, neurology, ophthalmology, endocrinology, hematology, dermatology, lysosomal storage disorders, and immunology. On March 31, 2024, the royalty asset portfolio had a book value, net of accumulated amortization, of US\$789.5 million, which during the three months ended March 31, 2024 generated Total Cash Royalty Receipts¹ of US\$63.5 million and royalty income of US\$41.3 million.

³ Normalized Total Cash Receipts, Total Cash Royalty Receipts and Adjusted EBITDA are non-GAAP financial measures. Adjusted EBITDA Margin and Adjusted Cash Earnings per Unit are non-GAAP ratios. These measures and ratios are not standardized measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. The reconciliation of these measures can be found later in this press release and in the Trust's MD&A.

Portfolio

			Cash Receipts	
			Three months ended	
Product	Therapeutic Area	Marketer(s)	March 31, 2024	March 31, 2023
Empaveli/Syfovre ¹	Hematology/Ophthalmology	Apellis, Sobi	23	187
Eylea I	Ophthalmology	Regeneron, Bayer, Santen	1,407	1,374
Eylea II	Ophthalmology	Regeneron, Bayer, Santen	305	1,124
FluMist	Influenza	AstraZeneca	—	1,445
Natpara	Endocrinology	Takeda	568	611
Omidria	Ophthalmology	Rayner Surgical	8,560	3,250
Oracea	Dermatology	Galderma	2,450	2,021
Orserdu I ²	Oncology	Menarini	8,020	—
Orserdu II ²	Oncology	Menarini	23,538	—
Rydapt	Oncology	Novartis	2,223	2,803
Spinraza	Neurology	Biogen	3,843	4,106
Stelara, Simponi and Ilaris ³	Immunology	Johnson & Johnson, Merck, Mitsubishi Tanabe, Novartis	244	451
Vonjo I	Hematology	Sobi	2,902	2,024
Vonjo II ²	Hematology	Sobi	5,605	—
Xenpozyme ⁴	Lysosomal Storage Disorder	Sanofi	—	—
Xolair	Immunology	Roche, Novartis	2,446	2,538
Zejula	Oncology	GSK	962	742
Zytiga ⁵	Oncology	Johnson & Johnson	—	—
Other Products ⁶	Various	Various	421	682
Total Cash Royalty Receipts⁷			63,517	23,358
Interest receipts from loan receivable ⁸			—	1,633
Total Cash Receipts and Normalized Cash Receipts⁵			63,517	24,991

¹ Per the royalty agreement, Empaveli/Syfovre royalty cash receipts are to be received on a three-quarter lag. During the first quarter of 2024, a small portion of the royalty cash receipts expected to be received on a three-lag were received on a two-quarter lag. The remaining royalty receipts are expected to be received on a three-quarter lag and are expected to be received in the second quarter of 2024.

² Includes milestone royalty receipts of US\$2,104 from Orserdu I, US\$18,939 from Orserdu II and US\$5,000 from Vonjo II.

³ Stelara, Simponi and Ilaris include two royalty streams on each product, for a total of six royalty streams held directly and indirectly.

⁴ Cash royalties from Xenpozyme are received on a semi-annual basis during the second and fourth quarters of each year.

⁵ Cash royalties from Zytiga are received on a semi-annual basis during the second and fourth quarters of each year.

⁶ Other Products includes royalty income from certain other royalty assets as well as royalty assets which are fully amortized and, where applicable, the entitlements to which have generally expired.

⁷ Total Cash Receipts, Total Cash Royalty Receipts and Normalized Total Cash Receipts are non-GAAP financial measures. These measures are not standardized measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. The reconciliation of these measures can be found later in this press release and in the Trust's MD&A.

⁸ Interest receipts from loan receivable relates to the loan receivable, which was repaid in full on June 26, 2023.



Liquidity and Capital

On March 31, 2024, the Trust had cash and cash equivalents of US\$66.6 million. The Trust's credit facility had an outstanding principal balance of US\$239.5 million on March 31, 2024.

The Trust had 56,358,240 units issued and outstanding on March 31, 2024.

Distributions

On February 28, 2024, the board of trustees approved a quarterly cash distribution of US\$0.0850 per unit to unitholders of record as of March 31, 2024, which was paid on April 19, 2024. The Trust also announced today that its board of trustees has declared a quarterly cash distribution in the amount of US\$0.0850 per unit for the second quarter of 2024, payable on July 19, 2024, to unitholders of record as of June 30, 2024.

Omidria Royalty Amendment

On February 1, 2024, the Trust amended its existing royalty agreement with Omeros Corporation to expand its royalty interest on the US net sales of Omidria for an upfront purchase price of US\$115.0 million. In accordance with the terms of the amended royalty agreement, the royalty seller may be entitled to receive up to US\$55.0 million in potential sales-based milestone payments. Accordingly, the Trust is now entitled to receive a 30% royalty on US net sales of Omidria until December 31, 2031, and all previously agreed-upon annual royalty caps have been eliminated. As part of the amendment, the Trust is no longer entitled to ex-US royalties.

Omidria was approved by the US Food and Drug Administration (FDA) in May 2014 and the European Medicines Agency (EMA) in July 2015 for intracameral use during cataract surgery or intraocular lens replacement to maintain pupil dilation and reduce postoperative pain. Omidria was launched in the United States in 2014 but has yet to be launched in the European Union. Omidria is marketed by Rayner Surgical, one of the world's leaders in the field of cataract surgery with operations in over 80 countries.

First Quarter 2024 Conference Call & Webcast

As previously announced, management will hold a conference call on Tuesday, May 7, 2024, at 8:00 a.m. (ET) to review the Trust's 2024 first quarter results. You can join the call by dialing 1-888-664-6392 or 416-764-8659 approximately 15 minutes prior to the call to secure a line.

A live webcast of the conference call, including a slide presentation, will be available at <https://app.webinar.net/R08zEQyEgVn>. Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the webcast. The webcast will be archived on the Trust's website following the call date. Investors should carefully review the factors, assumptions and uncertainties included in such related presentation.

Non-GAAP Financial Measures

The reconciliations of non-GAAP financial measures and non-GAAP ratios for the three months ended March 31, 2024 and 2023 to the most directly comparable measures calculated in accordance with IFRS are presented below.

Total Cash Royalty Receipts, Total Cash Receipts and Normalized Total Cash Receipts

Total Cash Receipts refers to Total Cash Royalty Receipts plus cash receipts from all products. Total Cash Receipts includes cash receipts from interest as well as non-recurring cash receipts such as the principal payments related to the Trust's loan receivable, fees and premiums related thereto and proceeds from the sale of royalty assets which consist of the proceeds from the sale of the Tzield royalty. Total Cash Royalty Receipts refers to aggregate cash royalty receipts from the Trust's portfolio of royalty assets and forms part of Total Cash Receipts. Because of the lag between when the Trust records royalty income and receives the corresponding cash payments on its royalties, management believes Total Cash Receipts and Total Cash Royalty Receipts are useful measures when evaluating the Trust's operations, as they represent actual cash generated in respect of all royalty assets held during a period. The Trust also presents Normalized Total Cash Receipts, which refers to Total Cash Receipts adjusted to remove cash receipts that are not expected to recur in the normal course of its operations. Management believes that Normalized Total Cash Receipts will assist readers in evaluating the period over period performance of the Trust's royalty portfolio since Normalized Total Cash Receipts only includes cash receipts generated by royalties and other amounts payable pursuant to the terms of the Trust's royalty assets and interest on the Trust's loan receivable.

(thousands of US dollars)	Three months ended	
	March 31, 2024	March 31, 2023
Total income	42,067	28,236
[-] Other interest income	(722)	(237)
[+] Royalties receivable, beginning of period	64,082	27,748
[-] Royalties receivable, end of period	(45,470)	(30,774)
[+] Acquired royalties receivable ¹	3,560	96
[-] Non-cash royalty income ²	—	(4)
[-] Non-cash interest and other income on loan receivable ³	—	(74)
Total Cash Receipts and Normalized Cash Receipts	63,517	24,991
[-] Interest and other income on loan receivable	—	(1,707)
[+] Non-cash interest and other income on loan receivable ³	—	74
Total Cash Royalty Receipts	63,517	23,358

¹ Acquired royalties receivable represent the Trust's royalty entitlements prior to the completion of the royalty transactions they relate to, as described under the Transactions Completed section of the MD&A. Acquired royalties receivable of US\$96 previously recognized for the Tzield transaction were reversed during the second quarter of 2023 as the royalty asset and its associated royalty interest was sold.

² Non-cash royalty income is related to excess royalty payments received in prior periods in which the Trust has an obligation to the royalty payers. Royalty income of \$nil was used to reduce the obligation during three months ended March 31, 2024 (2023 – \$4). Royalty income earned in future periods related to other royalty assets will be used to repay the remaining obligation of US\$136.

³ As the loan receivable was fully prepaid on June 26, 2023, there was no non-cash interest and other income for the three months ended March 31, 2024. For the three months ended March 31, 2023, non-cash interest and other income on loan receivable represents the amortization of commitment fees of \$25 and the accretion of exit fees receivable of \$49.

Adjusted EBITDA and Adjusted EBITDA Margin

Management believes Adjusted EBITDA provides meaningful information about the Trust's operating cash flows as it eliminates the effects of other non-cash expenses and accruals and income and expenses that are not expected to recur, that have been recorded on the statement of net earnings (loss) and comprehensive earnings (loss). The Trust refers to EBITDA when reconciling its comprehensive earnings (loss) to Adjusted EBITDA but does not use EBITDA as a measure of its performance. Management believes that Adjusted EBITDA Margin is a useful supplemental measure to demonstrate the operating efficiency of the Trust's business on a cash basis.

(thousands of US dollars)	Three months ended	
	March 31, 2024	March 31, 2023
Comprehensive earnings (loss)	(5,000)	(1,123)
[+] Amortization or royalty assets	25,089	19,168
[+] Impairment of royalty assets	4,451	—
[+] Amortization of other current assets ¹	—	143
[-] Other interest income	(722)	(237)
[+] Interest expense	8,398	6,166
EBITDA	32,216	24,117
[+] Royalties receivable, beginning of period	64,082	27,748
[-] Royalties receivable, end of period	(45,470)	(30,774)
[-] Performance fees payable, beginning of period	(5,918)	—
[+] Performance fees payable, end of period	4,916	—
[+] Acquired royalties receivable ²	3,560	96
[+] Unit-based compensation ³	2,567	243
[+] Board of trustees unit-based compensation ⁴	354	82
[-] Non-cash royalty income ⁵	—	(4)
[-] Non-cash interest and other income on loan receivable ⁶	—	(74)
[-] Net unrealized gain on derivative instruments	(1,197)	—
Adjusted EBITDA	55,110	21,434
[÷] Normalized Total Cash Receipts	63,517	24,991
Adjusted EBITDA Margin	87 %	86 %

¹ In connection with the Empaveli/Syfovre transaction completed in 2022, the Trust acquired other current assets, as described under the Financial Review: Results of Operations section of the MD&A. The related amortization expense is recorded in other operating expenses.

² Acquired royalties receivable represent the Trust's royalty entitlements prior to the completion of the royalty transactions they relate to, as described under the Transactions Completed section of the MD&A. Acquired royalties receivable of US\$96 previously recognized for the Tziel transaction were reversed during the second quarter of 2023 as the royalty asset and its associated royalty interest was sold.

³ For the three months ended March 31, 2024, unit-based compensation expense was \$2,567 (2023 – \$288, which includes \$45 paid in cash).

⁴ Certain members of the board of trustees elected to be compensated fully or partially in deferred units ("DUs") under the Trust's Omnibus Equity Incentive Plan.

⁵ Non-cash royalty income is related to excess royalty payments received in prior periods in which the Trust has an obligation to the royalty payers. Royalty income of \$nil was used to reduce the obligation during three months ended March 31, 2024 (2023 – \$4). Royalty income earned in future periods related to other royalty assets will be used to repay the remaining obligation of US\$136.

⁶ As the loan receivable was fully prepaid on June 26, 2023, there was no non-cash interest and other income for the three months ended March 31, 2024. For the three months ended March 31, 2023, non-cash interest and other income on loan receivable represents the amortization of commitment fees of \$25 and the accretion of exit fees receivable of \$49.

Adjusted Cash Earnings per Unit

Management believes that Adjusted Cash Earnings per Unit provides meaningful information about the Trust's performance as it provides a measure of the cash generated by the Trust's assets on a per unit basis, excluding cash earnings that are not expected to recur.

<i>(thousands of US dollars, except per unit amounts)</i>	Three months ended	
	March 31, 2024	March 31, 2023
Comprehensive earnings (loss)	(5,000)	(1,123)
[+] Amortization or royalty assets	25,089	19,168
[+] Impairment of royalty assets	4,451	—
[+] Amortization of other current assets ¹	—	143
[+] Unit-based compensation ²	2,567	243
[+] Board of trustees unit-based compensation ³	354	82
[-] Non-cash royalty income ⁴	—	(4)
[-] Non-cash interest and other income on loan receivable ⁵	—	(74)
[-] Net unrealized gain on derivative instruments	(1,197)	—
Adjusted Cash Earnings	26,264	18,435
Adjusted Cash Earnings per Basic Unit	0.47	0.49
Adjusted Cash Earnings per Fully Diluted Unit	0.47	0.49
Weighted average number of Units – Basic	56,358,240	37,753,194
Weighted average number of Units – Diluted	56,358,240	37,821,801

¹ In connection with the Empaveli/Syfovre transaction completed in 2022, the Trust acquired other current assets, as described under the Financial Review: Results of Operations section of the MD&A. The related amortization expense is recorded in other operating expenses.

² For the three months ended March 31, 2024, unit-based compensation expense was \$2,567 (2023 – \$288, which includes \$45 paid in cash).

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⁵ As the loan receivable was fully prepaid on June 26, 2023, there was no non-cash interest and other income for the three months ended March 31, 2024. For the three months ended March 31, 2023, non-cash interest and other income on loan receivable represents the amortization of commitment fees of \$25 and the accretion of exit fees receivable of \$49.



About DRI Healthcare Trust

DRI Healthcare Trust is managed by DRI Capital Inc. (“DRI Healthcare”), the pioneer in global pharmaceutical royalty monetization with a 35-year history of accelerating innovation by providing capital to inventors, academic institutions and biopharma companies. Since its founding in 1989, DRI Healthcare has deployed more than US\$3.0 billion, acquiring more than 70 royalties on 45-plus drugs, including Eylea, Keytruda, Orserdu, Spinraza, Stelara, Vonjo, Zejula and Zytiga. DRI Healthcare Trust’s units are listed and traded on the Toronto Stock Exchange in Canadian dollars under the symbol “DHT.UN” and in US dollars under the symbol “DHT.U”. To learn more, visit drihealthcare.com or follow us on [LinkedIn](https://www.linkedin.com/company/drihealthcare).

Caution concerning forward-looking statements

This news release may contain forward-looking information within the meaning of applicable securities legislation. Forward-looking information generally can be identified by the use of words such as “expect”, “continue”, “anticipate”, “intend”, “aim”, “plan”, “believe”, “budget”, “estimate”, “forecast”, “foresee”, “close to”, “target” or negative versions thereof and similar expressions. Some of the specific forward-looking information in this news release may include, among other things, statements regarding the Trust’s ability to execute on its strategy and the value to be provided to unitholders and timing of royalty payments. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Trust’s control that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, those that are disclosed in the Trust’s most recent annual information form. The anticipated royalty terms for products in our portfolio may be shorter than the period of patent protection for the applicable product, depending on many factors, including the entry of generic drugs into the marketplace and competition, all of which are outside our control. No assurance can be given that these are all the factors that could cause actual results to vary materially from the forward-looking statements in this press release. You should not put undue reliance on forward-looking statements. No assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do occur, the actual results, performance or achievements of the Trust could differ materially from the results expressed in, or implied by, any forward-looking statements. Certain assumptions underlying the forward-looking information in this news release include: the Trust’s assumptions regarding demand and growth in pharmaceutical sales, R&D and opportunities for royalty investing; the competitive environment in which the Trust operates; the performance of the Trust’s manager; the Trust’s ability to implement its growth strategies; the Trust’s ability to obtain financing and maintain its existing financing on acceptable terms; the Trust’s ability to maintain good business relationships with marketers and other industry partners; timely receipt of cash royalty receipts; expectations regarding the duration of royalties; the Trust’s ability to keep pace with changing consumer preferences; the absence of material adverse changes in the Trust’s industry or the global economy; currency exchange and interest rates; the impact of competition; the changes and trends in the Trust’s industry or the global economy; and stability in laws, rules, regulations and global standards in the pharmaceutical industry. All forward-looking information in this news release speaks as of the date of this news release. The Trust does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise except as required by law. Additional information about these assumptions and risks and uncertainties is contained in the Trust’s filings with securities regulators, including its latest annual information form and MD&A. These filings are also available on the Trust’s website at drihealthcare.com.

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